competition, the Department views Conn. Gen. Stat. § 16-247b(b), which requires each telephone company to provide reasonable nondiscriminatory access to all equipment, facilities and services necessary, as a flexible tool to achieve the General Assembly's goals. No participant has criticized rebundling of network elements as unreasonable. Rather, rebundling has been criticized as being inconsistent with Federal law or not envisioned by the authors of Public Act 94-83.

Because the Department considers limited use of a recombined service as critical to the development of effective competition in rural and residential markets, the Department will direct the Telco and NYTel below to file a tariff for a recombined service that conforms with the definition adopted by the FCC in its First Report and Order.[4] The proposed tariff will be applicable only for use in serving residential customers and small business (nonPBX and nonCentrex) customers and will only be available for a period of five years from the date of effectiveness. At the end of five year period, the Department will undertake a review of the state of competition and determine the need for, and consequences associated with, extending such recombined UNEs for a period of not longer than three years.

The limited duration of this offering amplifies the public policy behind the Department's actions in this proceeding. While the Department sanctioned the use of resale under Public Act 94-83 before Federal law explicitly required its availability, it has always encouraged facilities-based competition in Connecticut. Because rebundled elements will be available for a limited duration, they will exist as a transitional mechanism toward facilities-based competition.

The Department emphasizes that the limited nature of this rebundled network element offering is designed to spur competition only in those telecommunications markets that currently experience less competition. Historic universal service policies have established a subsidy of local residential rates by local business rates and other services such as access, thereby creating artificially high local business rates. These policies have therefore stimulated facilities-based competition in high volume business services. Residential and small business local service, however, do not currently present the same incentives for facilities-based competition. Consequently, the Department has narrowly tailored the use of this offering. This Decision is consistent with past Decisions designed to promote competition in areas that may represent less attractive opportunities for CLECs. In prior proceedings the Department has applied certain obligations upon CLECs as a means to ensure the general public are afforded the benefits of competition and choice. One such obligation was the modified labor market area (MLMA) requirement ordered by the Department in its March 15, 1995 Decision Docket No. 94-07-03, DPUC Review of Procedures Regarding the Certification of Telecommunications Companies and of Procedures Regarding Requests by Certified Telecommunications Companies to Expand Authority Granted in Certificates of Public Convenience and Necessity.

[4] The Department undertook an exhaustive examination of Unbundled Network Elements in Docket No. 96-09-22. In that proceeding testimony strongly evidenced the importance of ILEC pricing to the provisioning choices employed by CLECs, and expressed concern about the lack of provisioning alternatives to the Telco infrastructure in rural areas and the high cost placed upon use of that infrastructure by the Telco.

With this Decision, the Department is sufficiently confident that facilities-based competition will emerge in Connecticut, that the Department has done all that it can do to stimulate interest in the residential and rural markets of Connecticut and that the obligations imposed upon the Telco in this Proceeding are reasonable, rational and requisite to the development of efficient and effective competition.

D. EXTENDED LOOPS

Lightpath proposed in this proceeding that loop-transport interconnection be considered, and cited Conn. Gen. Stat. § 16-247b(b) as authority to order the provisioning of such a service. As reiterated above in this Decision, the Department issued a limited Request for Written Comments which asked for comment on rebundled network elements alone. While extended loops may be conceptually similar to rebundled network elements, consideration of such a service is outside of the narrowly-defined scope of this proceeding reflected in the Request for Written Comments. The issue of extended loops will be entertained in Docket No. 98-02-27 Shared Transport as part of the Department's investigation of shared and dedicated transport issues.

V. CONCLUSION AND ORDERS

A. CONCLUSION

This proceeding has been initiated to resolve certain differences of opinion relative to the roles and responsibilities in the provisioning of UNEs. This proceeding represents the Department's commitment to ensure that the competitive framework adopted over the past decade supports the development of efficient and effective competition in an evolving marketplace.

Because the availability of a rebundled network element service to CLECs serving the residential and small business markets will promote effective competition, the Department will direct the Telco and NYTel to file a tariff for such a service that will be applicable only for use in serving those customers. The proposed tariff will be in effect for a limited five year period. The Department is confident that narrowly-tailored availability of this service will further the goals articulated by the General Assembly, and further concludes that such action is not precluded by Federal law.

B. ORDERS

For the following Orders, please submit an original and 12 copies of the requested material identified by Docket Number, Title and Order Number to the Executive Secretary.

1. No later than August 3, 1998, interested CLECs shall file with the Department five potential unbundled network element combinations that they require be tariffed for their provision of local exchange service.

2. No later than September 3, 1998, the Telco and NYTel shall file proposed

residential and small business tariffs with supporting information that conform with the requirements of the FCC in its Local Competition Order for the proposed network combinations requested by the CLECs in response to Order No. 1.

DPUC ELECTRONIC LIBRARY LOCATION K:\FINL_DEC\FILED UNDER UTILITY TYPE, DOCKET NO., DATE

DOCKET NO. 98-02-01 DPUC INVESTIGATION INTO REBUNDLING OF TELEPHONE COMPANY NETWORK ELEMENTS

This Decision is adopted by the following Commissioners:

Jack R. Goldberg

John W. Betkoski, III

Linda Kelly Arnold

CERTIFICATE OF SERVICE

The foregoing is a true and correct copy of the Decision issued by the Department of Public Utility Control, State of Connecticut, and was forwarded by Certified Mail to all parties of record in this proceeding on the date indicated.

Robert J. Murphy
Executive Secretary
Department of Public Utility Control

Date

ATTACHMENT 36

William J. (Jim) Carroll
Vice President

Room 4170
1200 Peachtree St. NE
Atlanta, GA 30309
404 810-7252

January 6, 1998

Mr. Duane Ackerman
President and Chief Executive Officer
BellSouth Corporation
Suite 2010
1155 Peachtree Street, N.E.
Atlanta, Georgia 30309

Dear Duane:

As you know, since passage of the Telecommunications Act of 1~96, AT&T has attempted to obtain access to combinations of unbundled network elements (UNEs) provisioned by BellSouth. To data, these efforts have yet to produce results. We still are unable to order combinations of UNEs and receive all the usage data and functionalities inherent in those UNEs. This lack of progress was confirmed by the FCC in its recent order denying BellSouth's application to provide interLATA services in South Carolina. Given AT&T's repeated attempts to find ways to provide local service to our customers using combinations of UNEs provisioned by BellSouth, this lack of progress is extremely disappointing.

Duane, the purpose of this letter is to request your personal assistance in moving forward BellSouth's provisioning of combinations of UNEs to AT&T. In the past, when I have written you about the lack of progress in our efforts to open the local telephone market to competition, you have had others at BellSouth respond to our concerns. Although I regret having to seek your personal assistance on the multitude of details associated with combinations of UNEs that are outlined in this letter, frankly nothing else has worked. I am hopeful that if you get involved, progress will be made. Accordingly, as one of your principal customers, I request your personal written response by January 14, 1998 as to (1) who at BellSouth you will hold accountable for answering the questions attached to this letter and (2) that responses to these questions from those individuals will be provided by January 30, 1998.

But before I get to specifics, I first would like to highlight what the FCC said in its South Carolina order regarding combinations of UNEs in to provide the context for this request. As you will recall, the FCC stated that "...BellSouth has not demonstrated that it can make available as a legal and practical matter access to unbundled network elements in a manner that allows competing carriers to combine them. In particular, BellSouth has failed to demonstrate that it can provide access to such elements through the one method it has identified for such access - collocation." (Order at ¶ 182.)

The FCC raised numerous concerns about BellSouth's "collocation proposal" which we also have shared for some time now. In particular, we believe your "collocation proposal" will lead to:

- significant delays in opening the local market to competition;
- unacceptable disruptions to customer service;
- unnecessary and exorbitant expenses for your competitors and, thus, our customers; and
- increased points of failure in the network.

Further, your "collocation proposal" is not at parity with the manner in which BellSouth itself provisions and uses individual and combinations of UNEs to provide service.

Although we believe there are significant flaws in your "collocation proposal" (given that BellSouth has not provided adequate details either in public documents or in oral representations to us), we remain open-minded and interested in learning more about *what* BellSouth will provide, the *method* in which it will be provided, and the *terms* on which it will be provided. Thus, once again, I request BellSouth's written responses to the questions attached to this letter by January 30, 1997. Additionally, face-to-face discussions between the accountable BellSouth personnel and appropriate AT&T personnel would facilitate understanding of BellSouth's proposed arrangements. We are ready and willing to meet with the BellSouth personnel you identify in your January 14, 1998 response to discuss or clarify these questions. Duane, as you can see from the list of attached questions, there are many unanswered issues that must be addressed before AT&T can seriously consider your "collocation proposal."

Furthermore, because your "collocation proposal" is only one way to permit new entrants to combine UNEs, we also suggest that we discuss other potential alternatives which are consistent with the 8th Circuit's decisions. Specifically, several alternatives were set forth in AT&T's Comments to the FCC regarding BellSouth's application to provide interLATA services in Louisiana. Although each of these alternatives also may introduce unnecessary service disruption and expense, we believe each is preferable to your "collocation proposal." These include: (1) electronic means of combining analog loops with ports similar to the existing digital cross-connection systems (e.g. DACS) for digital services; (2) use of the recent change process in BellSouth's switches to disconnect and reconnect loops and ports; (3) use of a joint CLEC/BellSouth vendor to disconnect and reconnect loops at the main distribution frame; and (4) use of pre-wired connector blocks at the main distribution frame. Please also personally confirm in writing in your January 14, 1998 response whether BellSouth will negotiate with AT&T regarding any of these alternatives for allowing CLECs to combine UNEs, and if so, the appropriate BellSouth personnel who will be responsible for such negotiations with AT&T.

As but yet another alternative, and as suggested by FCC Commissioner Powell in his Separate Statement to the South Carolina decision, we also would like to begin negotiations with BellSouth "regarding combinations of UNEs whereby BellSouth would voluntarily recombine elements for a modest charge – a glue charge." To this end, please also confirm in your January 14, 1998 response whether BellSouth will pursue such negotiations, and if so, the appropriate BellSouth personnel who will be responsible for such negotiations with AT&T.

In closing, these requests to explore alternative means of combining UNEs do not affect and should not be construed as a waiver of any AT&T rights to continue to pursue the availability of combinations of UNEs in accordance with the positions previously and currently advocated by AT&T before state regulatory bodies, state courts, federal district courts, federal courts of appeal, the FCC and the U.S. Supreme Court. Nor should this request be construed as an admission by AT&T that BellSouth can satisfy its obligation to make combinations of UNEs available to CLECS by using BellSouth's "collocation proposal" or any of the alternatives identified above, including the payment of a "glue charge" by AT&T. Finally, by this request, AT&T is not waiving any rights to enforce any state arbitration orders, any resulting interconnection agreements with BellSouth, and/or related state regulatory orders or decisions.

If the promised benefits of the Telecommunications Act of 1996 are to be realized by consumers so that they have a choice in local service providers, efforts to open the local telephone market must continue and it is in that spirit that I am requesting your personal assistance on these very critical issues.

I look forward to your response.

Sincerely,

William J. Carroll

Attachment

cc: Elton King-BellSouth
Mark Feidler-BellSouth
Alabama Public Service Commission
Florida Public Service Commission
Georgia Public Service Commission
Kentucky Public Service Commission
Louisiana Public Service Commission
Mississippi Public Service Commission
North Carolina Utilities Commission
South Carolina Public Service Commission
Tennessee Regulatory Authority

ATTACHMENT to letter from William J. Carroll to F. Duane Ackerman dated January 6, 1998

Questions Regarding BellSouth's Collocation Proposal and Alternative Arrangements for CLEC Combination of UNEs

1. What UNEs will BellSouth provide to CLECs to combine in collocated space? Loops and ports only?

2. Can a CLEC pre-wire the equipment in its collocation space?

3. Will BellSouth allow CLECs to share the same interoffice transport used by BellSouth?

4. Will BellSouth require that a CLEC purchase signaling separate from switching?

5. What does BellSouth propose where there is not sufficient room to collocate in a central office?

6. How will BellSouth allow for the combining of loops and ports in central offices where there is no room for physical collation?

7. Will BellSouth offer CLECs a choice of either physical or virtual collocation or will virtual collocation be made available by BellSouth only if there is no more space available for physical collocation?

8. How will BellSouth provision other UNEs for combining or recombining by CLECs?

9. How will BellSouth ensure coordination of the loop and port connections for each CLEC customer service order?

10. How will BellSouth maintain service continuity or minimize service disruption for CLEC customers during the loop and line port cutovers?

11. Because the additional loop length caused by collocation may require loop conditioning, who will be responsible for performing the conditioning – BellSouth or the CLEC?

12. When will BellSouth provide written methods and procedures documenting its proposed collocation process for combining UNEs?

13. How many loop and line port jumper connections can BellSouth complete in a single day per central office? How many teams of technicians and shifts would this involve?

14. Will BellSouth allow CLECs to obtain less than 100 square feet of collocation space solely for purposes of combining or recombining the necessary UNEs? If so, how will BellSouth reduce its existing charges for collocation space?

15. Will BellSouth allow CLECs to combine UNEs without collocation?

16. Is BellSouth combining any components of its network or elements today via an electronic connection using a remote terminal? If so, which ones?

17. Will BellSouth permit CLECs to have direct access to the BellSouth main distribution frame (MDF)?

18. Will BellSouth provide CLECs access to its engineering records, as the records need to be updated to reflect the new loop length to ensure MLT testing works properly?

19. How will maintenance of the combined unbundled elements work?

20. Please describe all BellSouth methods and procedures to describe how it will separate already-combined elements and how CLECs will "recombine" these elements? If such methods and procedures do not yet exist, when will they be completed and made available to CLECs?

21. What OSS impacts are anticipated from BellSouth's "collocation" proposal? What OSS will BellSouth access/utilize to separate already combined elements and to allow CLECs to "recombine" elements? How will BellSouth provide CLECs access to these OSS?

22. What impact does BellSouth's "collocation" proposal have on engineering and inventory records? What records will BellSouth access or modify to separate already connected elements? What records will need to be accessed and/or updated for a CLEC to complete recombination of UNEs? What is BellSouth's plan to accurately maintain such records? How will multiple CLECs using recombined UNEs be given access to BellSouth's engineering and inventory records?

23. Has BellSouth investigated any alternatives to collocation for the recombination of network elements (for example, providing CLECs direct access to BellSouth's network equipment for physical recombining or logical separation and recombining)? If so, please describe these alternatives and explain BellSouth's

reasons for not making these alternatives available to CLECs prior to this date? If not, when will any such investigation be done?

24. How many customers will BellSouth be able to convert in each of its central offices per day when collocation is used to combine a loop and port?

25. How many collocation arrangements can BellSouth accommodate per month per state?

26. What is the availability of collocated space in each BellSouth central office? Please describe any limitations which may exist.

27. Assuming a CLEC has pre-wired loop and switch connections in its collocation space to blocks on BellSouth MDF and/or IDF frames, what is the expected duration of customer down time for conversion of an existing BellSouth customer to a UNE CLEC customer?

28. How does BellSouth propose to remedy the provisioning/service parity issues associated with its collocation proposal e.g., (1) electronic provisioning vs. manual provisioning; (2) additional loop lengths and additional connections; (3) additional possible points of failure?

29. Will Bell South allow a CLEC to collocate in a BellSouth remote switching site (location where it has a remote switching module)?

30. Will BellSouth require AT&T to execute a "Master Collocation Agreement" or other agreement(s) before BellSouth will make collocation available to AT&T? If so, please provide a copy of this agreement(s). Are there any modifications needed to AT&T's Interconnection Agreement(s) with BellSouth in any states before BellSouth will make collocation available to AT&T? If so, what are they?

31. What intervals will BellSouth commit to as to the provision of requests for collocation?

32. Has BellSouth tested, deployed facilities and/or personnel to assure itself that these intervals can be met? What remedies, if any, does BellSouth propose for CLECs if these intervals are not met?

33. What costs are associated with BellSouth's collocation proposal? Please itemize all individual costs. What information will BellSouth provide to establish that such costs are "just, reasonable and nondiscriminatory?"

34. Does BellSouth have any actual commercial usage data from any of its states using physical collocation arrangements for purposes of allowing CLECs to combine UNEs? In other words, what testing has been done?

35. How will BellSouth provision individual loops that currently are provisioned using integrated digital loop carriers for combining with local ports?

ATTACHMENT 37

BellSouth Interconnection Services
Suite 200
1960 West Exchange Place
Tucker, Georgia 30084

770 492-7560
Fax 770 621-0629

Quinton E. Sanders
Sales - Assistant Vice President
AT&T Regional Account Team

March 17, 1998

Mr. Raymond G. Crafton
Division Platform Manager
AT&T - Local Services Organization
1200 Peachtree Street, N.E.
Atlanta, Georgia 30309

Dear Ray:

In Jim Carroll's January 6, 1998 letter to Duane Ackerman, AT&T proposed four additional methods of delivery of unbundled network elements. BellSouth stated in its February 10, 1998 letter to Mr. Carroll that it would review AT&T's additional methods. BellSouth has concluded its review of these four methods of delivery.

1. AT&T's first proposal permitted CLECs to use an electronic cross-connect system for access to a loop and switch port combination (at UNE rates). BellSouth has evaluated this proposal internally and with several vendors of such equipment. Based upon BellSouth's understanding of the proposal, the electronic cross-connection equipment would be inserted in the loop path between the main distributing frame (MDF) and the central office switch. Therefore, the loop/port combination would be accomplished in the digital domain, and thus require analog to digital conversions. Such conversions would add additional expense that is not present in the other methods of delivery. It is not clear to BellSouth if AT&T is suggesting that all central office loops be connected to this system, or merely a predetermined subset of loops. If the alternative requires that only a subset of available loops be accessible by the new system, then certainly AT&T has the responsibility to specify those loops. If the alternative requires that all loops have access to the new system, then security and liability become greater issues, since access to the system would have to be opened to all CLECs. In both scenarios, a firewall or mediation device would be required. In either case, initial manual cross-connects to the new equipment would be required, resulting in labor costs in addition to the cost associated with the new electronic system and mediation device(s). In conclusion, there is a great deal of expense associated with this delivery method and as such BellSouth does not endorse the delivery method as a generic methodology.

2. The second proposal submitted by AT&T permitted CLECs to combine loops and ports (at UNE rates) through use of the "recent change" process. In order for CLECs to utilize the "recent change" process, as with the method that proposes access to

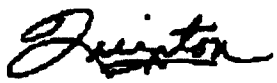
the main distribution frame, this process would require that all CLECs have direct access to BellSouth's switch translations. Such access would lead to an unacceptable higher risk of disruption and would impact of quality and reliability of service being provided to all end user customers. In addition, this proposal does not result in provision of unbundled elements individually, in effect BellSouth would under this methodology be providing a combination of two unbundled network elements.

3. AT&T's third proposal provided for the use of a joint CLEC/BellSouth vendor to disconnect and reconnect loops at the Main Distribution Frame (MDF). BellSouth will not permit CLECs to have direct access to the BellSouth MDF. The MDF was not designed for multiple users and such access would lead to an unacceptable higher risk of disruption of service to a larger population of telecommunications users when technicians from a number of different telecommunications companies have access to the network and facilities of all telecommunications companies providing service to end users from that location. Further, BellSouth's inventory systems are not equipped to handle access to the MDF. The inventory systems are not equipped to track circuit paths through the central offices and thus, would not be able to provide accurate and timely information for provisioning, maintenance and repair activities.

4. The fourth proposal offered by AT&T allows for the use of pre-wired connector blocks at the Main Distribution Frame. As BellSouth stated in response to option 3, BellSouth will not permit CLECs to have direct access to the BellSouth MDF.

Collocation remains the most efficient manner in which to combine unbundled network elements and BellSouth continues to offer collocation as the means to combining such elements. In addition to BellSouth's collocation proposal, BellSouth is still available to discuss the opportunity of a professional service arrangement with AT&T in which BellSouth would combine UNEs for AT&T at market rate.

Sincerely,



cc: Scott Schaefer
Joe Baker

ATTACHMENT 38

BellSouth Interconnection Services
Suite 200
1960 West Exchange Place
Tucker, Georgia 30084

770 492-7560
Fax 770 621-0629

Quinton E. Sanders
Sales Vice President
AT&T Regional Account Team

June 18, 1998

Mr. Raymond G. Crafton
Southern Region - Local Sales Organization
AT&T
1200 Peachtree Street, N.E.
Promenade One
Atlanta, Georgia 30309

Dear Ray:

During our meeting of May 18, 1998, we discussed AT&T's proposed alternatives to physical collocation and virtual collocation for AT&T's use in combining unbundled network elements (UNEs) that AT&T acquires from BellSouth. During that meeting, BellSouth agreed to provide answers to two questions raised by AT&T. This letter is our response.

QUESTION 1:
AT&T (Ray Crafton) asked if there was any outcome from the 8th Circuit Court of Appeals/Supreme Court decision that would move BellSouth to adopting the recent change alternative proposed by Bob Falcone of AT&T.

BELLSOUTH'S RESPONSE TO QUESTION 1:
BellSouth believes no outcome of the appeal to the Supreme Court of the Eighth Circuit's ruling would cause BellSouth to adopt voluntarily the recent change alternative proposed by AT&T as an acceptable method by which CLECs could combine the UNEs acquired from BellSouth. BellSouth's position is based on the following:

- In order for Competing Local Exchange Companies (CLECs) to utilize the recent change process, they would have to have direct access to BellSouth's switch translations. Switch translations govern all call processing functions. Errors in switch translations, such as might be introduced by this method, could cause significant, wide-spread service disruption to BellSouth and to other customers served by BellSouth. Such access would thus lead to an unacceptable risk of service disruption and would impact the quality and reliability of service being provided to all end user customers (not only BellSouth's, but also those of any CLEC using unbundled local switching).

QUESTION 2:
AT&T (Ray Crafton) asked if we would share information associated with levels of inward/outward customer access line movement that could be used in the cost justification of a digital cross connection system to facilitate customer movement between CLECs and Incumbent Local Exchange Companies (ILECs). This system would replace traditional main distribution frames and would be used in lieu of physical collocation and virtual collocation for a CLEC to combine UNEs acquired from BellSouth.

BELLSOUTH'S RESPONSE TO QUESTION 2:
BellSouth is unable to determine what, if any, level of inward/outward customer access line movement ("churn") would cost justify replacement of traditional distribution frames with digital cross connection systems. As BellSouth understands AT&T's suggestion, entire distribution frames would be replaced and the economics of such replacement would be based solely on any savings associated with replacing manual processes (that is, wired cross connections) with electronic processes (that is, "mapping" of connections through the digital cross connection systems). Following are some key points, including some findings related to BellSouth's analysis of its Sawgrass Fiber Center creation in Florida:

- No commercially available electronic device exists in the marketplace of a size and scale required to entirely replace a main distribution frame that would accommodate the very large number of simultaneous cross connections.

- Since the time that BellSouth performed the analysis leading to its creation of its Sawgrass Fiber Center, switch prices have continued to drop whereas there has not been a similar drop in prices for digital cross connection systems. Therefore, the economics of general use of digital cross connection devices in lieu of manual cross connections have not changed significantly.

- Use of a digital cross connection system in lieu of traditional frames would seem most applicable in wire centers where virtually all of the entrance facilities are fiber optic cables. While the general trend is towards an entirely fiber optic based distribution network, that goal is still years away.

- There remain some tariffed services which cannot be offered in such a serving arrangement.

I trust that this response answers AT&T's questions raised at our meeting. If I may assist further in any way, please call me.

Sincerely,

Quinton Sanders
Sales Vice President

ATTACHMENT 39

PUC PROJECT NO. 16251

INVESTIGATION OF SOUTHWESTERN BELL TELEPHONE COMPANY'S ENTRY INTO THE TEXAS INTERLATA TELECOMMUNICATIONS MARKET	§ § § § §	**PUBLIC UTILITY CO OF TEXAS**

COMMISSION RECOMMENDATION

The Texas Public Utility Commission (the Commission) and the telecommunications industry have worked steadily since the passage of the federal Telecommunications Act of 1996 (FTA96) to negotiate and arbitrate interconnection agreements that will facilitate local competition in Texas. Pursuant to FTA96, new entrants have the legal authority to enter the local market in Texas through resale, unbundled network elements (UNEs), and interconnection. FTA96 § 251 (47 U.S.C. § 251).

In order to provide in-region interLATA services, Southwestern Bell Telephone Company (SWBT), a Bell Operating Company (BOC), must establish that the local telecommunications market is irreversibly open to competition. Specifically, Section 271 of FTA96 requires SWBT to establish that

- it satisfies the requirements of either Section 271(c)(1)(A), known as "Track A," or Section 271(c)(1)(B), known as "Track B";
- it is providing the 14 checklist items listed in Section 271(c)(2)(B) pursuant to either a Track A state-approved interconnection agreement or a Track B statement of generally available terms (SGAT);
- the requested authorization will be carried out in accordance with the requirements of Section 272; and
- SWBT's entry into the in-region interLATA market is "consistent with the public interest, convenience, and necessity." Section 271(d)(3)(C).

Although the Federal Communications Commission (FCC) ultimately determines whether SWBT has established its entitlement to enter the interLATA market pursuant to Section 271, the statute directs the FCC to consult with state commissions. The FCC relies upon state commissions to develop a complete factual record.

SWBT filed its application to provide in-region interLATA service in Texas on March 2, 1998 with the Commission. On April 7, 1998, the Commission held an open meeting at SWBT's Local Service Center (LSC) in the Dallas-Ft. Worth area and on April 21st through the 25th, the Commission held an extensive hearing on SWBT's application. Many competitive local exchange companies (CLECs) and other parties participated in the Commission's 271 proceeding.

SWBT has done much in Texas to open the local market to competition. Notwithstanding that fact, if the Commission were asked to give a recommendation to the FCC today, it regrettably would be required on the record before it to say "not yet." The Commission files this Recommendation in an effort to provide SWBT with guidance on what the Commission believes

SWBT will need to do in order for this Commission to say that the local market is irreversibly open and SWBT should be allowed to provide in-region interLATA service. The Commission files this Recommendation in the spirit of cooperation and in the hope that SWBT will work with the 271 participants and this Commission to get SWBT to "yes."

Participants presented evidence throughout this Section 271 proceeding that indicated their difficulty in working with SWBT to interconnect, purchase UNEs, and provide resale. Although the Commission believes the evidence may indicate that SWBT needs to change its corporate attitude and view the participants as wholesale customers, the Commission also believes many of the problems may be attributable to lack of communication within SWBT and between SWBT and the participants. The Commission believes that SWBT attempted to address many of the problems raised by the participants during the course of the 271 hearing itself. The Commission hopes that this response by SWBT indicates a willingness to address the issues that will get SWBT to "yes."

Public Interest

With regard to the public interest aspect of Section 271 (including the "ease of doing business with SWBT") the Commission makes the following recommendations:

1. The Commission shall establish a collaborative process whereby SWBT, Commission staff, and participants to this project establish a working system that addresses all of the issues raised in this recommendation;
2. SWBT needs to show this Commission and participants during the collaborative process by its actions that its corporate attitude has changed and that it has begun to treat CLECs like its customers;
3. SWBT needs to establish better communication between its upper management, including its policy group, and its account representatives. As a first step, SWBT shall develop policy manuals for its account representatives and put in place a system, such as email notifications, to communicate decisions by the policy group to account representatives and questions or comments back to the policy group;
4. SWBT needs to establish consistent policies used by all SWBT employees in responding to issues raised by CLECs. Toward that end, SWBT shall establish an interdepartmental group whose responsibility is trouble-shooting for CLECs engaged in interconnection, purchase of UNEs, and resale. This group shall be headed by an executive of SWBT with the final decision making power;
5. SWBT needs to establish a system for providing financial or other incentives to LSC personnel based upon CLEC satisfaction;
6. SWBT needs to commit to resolving problem issues with CLECs in a manner that will give CLECs a meaningful opportunity to compete;
7. SWBT shall draft a comprehensive manual for CLECs to ensure the timely provision of all aspects of interconnection, provision of UNEs and resale. The manual shall be written in a fashion that clearly delineates parties' responsibilities, the procedures for obtaining technical and other practical information, and the timelines for accomplishing the various steps in interconnection, purchase of UNEs and resale. The manual should also set forth SWBT's policy with regard to a CLEC's ability to adopt an approved interconnection agreement pursuant to Section 252(i) (this process will be referred to as the "MFN" process);
8. SWBT needs to treat CLECs at parity with the way it treats itself or its unregulated affiliates;
9. SWBT needs to show proof that it has made all the changes it agreed to make during the

process of the Commission's 271 hearing, all of which have been detailed in the record;
10. SWBT needs to establish that its interconnection agreements are binding and are available on a nondiscriminatory basis to all CLECs;
11. To the extent SWBT chooses to establish 271 requirements by relying upon interconnection agreements it has appealed, SWBT should consider adopting a statement of generally available terms and conditions;
12. SWBT needs to establish that it is following all Commission orders referenced in this recommendation and that it intends to follow future directives of the Commission;
13. SWBT needs to establish its commitment to offering the terms of current interconnection agreements during any period of renegotiation, even if the negotiations extend beyond the original term of the interconnection agreements;
14. Commission staff, SWBT, and the participants need to establish adequate performance monitoring (including performance standards, reporting requirements, and enforcement mechanisms) during the collaborative process that will allow self-policing of the interconnection agreements after SWBT has been allowed to enter the long distance market;
15. SWBT shall not use customer proprietary network information to "winback" customers lost to competitors.

Checklist Items

ITEM ONE: Has SWBT provided interconnection in accordance with the requirements of sections 251(c)(2) and 252(d)(1), pursuant to 271(c)(2)(B)(i) and applicable rules promulgated by the FCC?

RECOMMENDATIONS: In addition to the recommendations addressed above in the **public interest** section, and the **OSS** and **performance standard** sections addressed below, the Commission recommends the following, the details of which could be established in the collaborative process. The Commission believes implementation of both the spirit and the letter of these recommendations would lead to an affirmative answer on this checklist issue.

1. SWBT shall investigate and implement measures to expedite construction and installation activities both at tandem and end office locations and, in order to provide for a reasonably foreseeable demand, SWBT shall engage in cooperative planning of trunking facilities with a view toward providing parity for CLECs;
2. The physical collocation tariff should be amended to be made available to any CLEC that wants to physically collocate in SWBT's facilities. A CLEC should be allowed to use the tariff without going through the MFN process in Section 252(i) of FTA96;
3. SWBT shall implement a cost-based virtual collocation tariff available to all CLECs;
4. SWBT shall allow CLECs to buy equipment from non-SWBT entities, and in turn, sell the equipment to SWBT in order to reduce the CLECs' costs.

ITEM TWO: Has SWBT provided nondiscriminatory access to network elements in accordance with the requirements of section 251(c)(3) and 252(d)(1) of FTA, pursuant to 271(c)(2)(B)(ii) and applicable rules promulgated by the FCC?

RECOMMENDATIONS: In addition to the recommendations addressed above in the **public interest** section, and the **OSS** and **performance standard** sections addressed below, the Commission recommends the following, the details of which could be established in the collaborative process. The

Commission believes implementation of both the spirit and the letter of these recommendations would lead to an affirmative answer on this checklist issue.

1. SWBT shall offer at least the following three methods to allow CLECs to recombine UNEs. These three methods attempt to balance SWBT's security concerns with the desire of CLECs to combine UNEs:

   --virtual collocation of cross-connects at cost-based rates,

   --access to recent change capability of the switch to combine loop port combinations, and

   --electronic access such as Digital Cross Connect (DCS) for combining loop and port at cost based rates, where available;

2. SWBT, Commission Staff, and the participants to this proceeding shall explore the following issues during the collaborative process:

   --additional methods for recombining UNEs or for allowing CLECs to combine UNEs and the costs associated with such methods;

   --whether SWBT is providing any and all individual UNEs required by FTA96;

3. Concerning virtual collocation of cross connects, the Commission recommends that CLECs be able to provide incumbent local exchange companies (ILECs) with rolls of their own wire. When a customer changes carriers from the ILEC to a CLEC, the ILEC would take out a wire from the CLEC's inventory, untie and remove the ILEC's wire, and insert and tie the CLEC's wire. Similarly, if a customer returns to the ILEC, the ILEC must remove the CLECs wire, insert its wire, and return the CLEC's wire to the CLEC's inventory. SWBT, under this scenario, would be able to recover its forward-looking, economic costs and insure the security of the network;
4. Concerns have been raised about the Commission requiring CLECs to obtain right to use licenses, where necessary, when leasing UNEs. Under the current UNE rates, the Commission believes the right to use decision made in the mega-arbitration is appropriate. However, the Commission invites CLECs to seek a UNE-Right to Use adder. This adder would compensate SWBT for costs associated with right to use arrangements. For CLECs choosing to pay the cost-based adder, SWBT would agree to provide the right to use arrangements as a wholesale function. For CLECs choosing not to pay the adder, the Commission's position in the mega-arbitration would apply. The parameters of this issue shall be negotiated in the collaborative process.

ITEM THREE: Has SWBT provided nondiscriminatory access to the poles, ducts, conduits, and rights-of-way owned or controlled by SWBT at just and reasonable rates in accordance with the requirements of section 224 of the Communications Act of 1934 as amended by the FTA96 pursuant to 271(c)(2)(B)(iii), and applicable rules promulgated by the FCC?

RECOMMENDATION: If SWBT implements the Commission's recommendations in the **public interest** section above, and the **OSS** and **performance standard** sections addressed below, the Commission believes SWBT will meet this checklist item.

ITEM FOUR: Does the access and interconnection provided by SWBT include local loop

transmission from the central office to the customer's premises, unbundled from local switching or other services in accordance with the requirements of section 271(c)(2)(B)(iv) of FTA96 and applicable rules promulgated by the FCC?

RECOMMENDATIONS: In addition to the recommendations addressed above in the **public interest** section, and the **OSS** and **performance standard** sections addressed below, Staff recommends the following, the details of which could be established in the collaborative process. Staff believes implementation of both the spirit and the letter of these recommendations would lead to an affirmative answer on this checklist issue.

1. SWBT shall publish a technical manual showing CLECs how to use the unbundled loops to provide Asymmetric Digital Subscriber Line (ADSL) and High-Speed Digital Subscriber Line (HDSL) services. Spectrum management of available cable space shall be conducted by SWBT in an expedited manner, upon request from a CLEC who intends to use the unbundled loop for high speed ADSL and/or HDSL services;
2. SWBT shall also allow 4-wire HDSL service on an unbundled loop, provided the subscriber to such service has adequate cable or channel capacity or other means to place 911 calls from the same location;
3. SWBT must demonstrate it is complying with its development/reporting obligations for digital subscriber loops and that CLECs using recombined UNEs will have access to mechanized line testing (MLT) at parity with SWBT before the Commission can recommend that SWBT be found to have met this checklist item. Moreover, to the extent SWBT provides virtual collocation of the cross-connect and/or disconnection by recent change order, the MLT issue may be resolved.

ITEM FIVE: Does the access and interconnection provided by SWBT include local transport from the trunk side of a wireline local exchange carrier switch unbundled from switching or other services in accordance with the requirements of section 271(c)(2)(B)(v) of FTA96 and applicable rules promulgated by the FCC?

RECOMMENDATIONS: In addition to the recommendations addressed above in the **public interest** section, and the **OSS** and **performance standard** sections addressed below, the Commission recommends the following, the details of which could be established in the collaborative process. The Commission believes implementation of both the spirit and the letter of these recommendations would lead to an affirmative answer on this checklist issue.

1. SWBT shall be required to provide the multiplexar and the unbundled dedicated transport (UDT) as a UNE;
2. SWBT shall be required to demonstrate that it is complying with the order in Docket No. 18117 and that it is providing two-way trunks upon request to CLECs. Although the Commission concurs with SWBT that the mere existence of a past dispute that has been resolved by the Commission does not disqualify SWBT from satisfying a check list requirement, it is necessary for SWBT to demonstrate that it is, in fact, complying with the Commission's orders.

ITEM SIX: Does the access and interconnection provided by SWBT include local switching unbundled from transport, local loop transmission, or other services in accordance with the requirements of section 271(c)(2)(B)(vi) of FTA96 and applicable rules promulgated by the FCC?